

## Message Text

CONFIDENTIAL

PAGE 01 CAIRO 10592 221040Z

16

ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 SSO-00 NSC-05 NSCE-00 INR-05

INRE-00 L-01 EB-03 SAM-01 SAB-01 TRSE-00 OMB-01 SP-02

/041 W

----- 081014

O 211510Z OCT 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC NIACT IMMEDIATE 7383

C O N F I D E N T I A L CAIRO 10592

LIMDIS

FOR AMBASSADOR EILTS, LEGAL ADVISER LEIGHT AND L  
MESSRS SCHWEBEL AND KWIA TEK

E.O. 11652: GDS

TAGS: EFIN EG

SUBJECT: US CLAIMS AGAINST EGYPT (EIGHTEENTH MEETING OF  
JOINT COMMITTEE)

1. THE EIGHTEENTH MEETING OF THE JOINT COMMITTEE WAS HELD AT DR.  
DEWIDAR'S OFFICE OCT. 21.

2. AFTER COMPLETION OF EXTENSIVE AND DETAILED DISCUSSIONS, THE JOINT  
COMMITTEE AS A WHOLE UNANIMOUSLY AGREED AT THIS JUNCTURE TO  
RECOMMEND TO THE RESPECTIVE GOVERNMENTS THE FOLLOWING INTERIM  
AGREEMENT FOR APPROVAL AS BASIS FOR FURTHER NEGOTIATIONS. DEWIDAR  
INDICATED THAT HE HAD PRIOR APPROVAL OF MINISTER OF ECONOMY AND  
ECONOMIC COOPERATION SHAFEI, FOR TABLED PROPOSAL.

3. THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT AGREES TO PAY THE  
LUMP SUM OF \$10 MILLION (SUBJECT TO INCREASE LATER AS INDICATED IN  
PARAGRAPH 4 BELOW) FOR CERTAIN AGREED CASES IN THE CATEGORIES OF  
SECTION A-AGRARIAN REFORM; SECTION B-NATIONALIZATION AND SE-  
QUESTRATION AND SECTION D-BLOCKED BANK ACCOUNTS. THE BREAKDOWN  
FOR THE \$10 MILLION IS AS FOLLOWS: \$2 MILLION FOR THE AMERICAN  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CAIRO 10592 221040Z

MISSION CASE; \$1-1/2 MILLION FOR THE LAND REFORM CASES; \$3.7

MILLION FOR NATIONALIZATION, SEQUESTRATION AND \$3 MILLION FOR  
BLOCKED BANK ACCOUNTS.

4. OTHER REMAINING CASES, INCLUDING THE HABACHY CASE, SALLOUM  
CASE AND MISCELLANEOUS CASES WILL BE THE SUBJECT OF FURTHER DISCUS-  
SIONS, THE RESULTING AMOUNT OF WHICH WOULD BE ADDED TO THE \$10  
MILLION IN PARAGRAPH 3 ABOVE. US/DEL INDICATED TO EGYPT/DEL THAT  
USG IS SERIOUSLY CONCERNED WITH SETTLEMENT OF HABACHY CASE.

5. THERE WILL BE A SEPARATE EXCHANGE OF LETTERS CONCERNING THE  
AMERICAN MISSION CASE, STIPULATING THAT (8) \$2 MILLION BE  
SPECIFICALLY EARMARKED FOR COMPENSATION FOR TAKING OF PROPERTIES OF  
AMERICAN MISSION, TO BE PAID IN EGYPTIAN POUNDS; (II) THE EGYPTIAN  
MINISTRY OF HEALTH AND THE EGYPTIAN ARMY WILL MAKE MUTUALLY  
SATISFACTORY ARRANGEMENTS CONCERNING THE FUTURE USE AND DISPOSITION  
OF THE NEW FAITH GENERAL HOSPITAL AND THE MILITARY HOSPITAL  
IN THE HALL IN BOYS PREPARATORY SCHOOL IN ASSIUT AFTER THE  
TERMINATION OF THE PRESENT LEASES; AND (III) THE GOVERNMENT OF THE  
ARAB REPUBLIC OF EGYPT WILL UNDERTAKE TO SETTLE AMICABLY ALL PENDING  
TAX CLAIMS AGAINST THE AMERICAN MISSION, WITH THE MISSION RESERVING  
THE RIGHT TO RAISE THE MATTER IN CASE OF NEED FOR FURTHER CON-  
SIDERATION BETWEEN THE TWO GOVERNMENTS. COMMENT: IN MEETING LAST  
NIGHT WITH REVEREND MCGILL OF AMERICAN MISSION HE INFORMED HUANG  
THAT MISSION COULD ACCEPT 600,000 EGYPTIAN POUNDS (\$1-1/2 MILLIONS)  
IN FULL ONE HUNDRED PERCENT SETTLEMENT OF ITS CLAIM IN THE  
CIRCUMSTANCES.

6. THERE WILL BE A SEPARATE EXCHANGE OF LETTERS REGARDING CERTAIN  
OTHER OUTSTANDING MATTERS, SUCH AS, BUT NOT LIMITED TO FUTURE  
BLOCKED ACCOUNTS, AND RESERVING THE FUTURE DISPOSITION OF THE  
CLAIM OF ARTHUR LIMAN , TURSTEE IN BANKRUPTCY OF TRAMP SHIPPING AND  
OIL TRANSPORTATION CORPORATION ON DEPOSIT IN THE NATIONAL BANK OF  
EGYPT IN THE NAME OF THE SECRETARY OF THE PORT SAID HIGH COURT  
(COMMERCIAL). HOWEVER, IN FACT, THIS IS ALREADY PROVIDED IN THE  
DRAFT MEMORANDUM OF UNDERSTANDING WHICH IS TO ACCOMPANY THE FIRST  
DRAFT WORKING DRAFT AGREEMENT.

7. PAYMENT OF THE FINAL AGREED LUMP SUM WILL BE OVER THREE YEARS  
IN SIX EQUAL INSTALMENTS.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 CAIRO 10592 221040Z

8. EGYPT/DEL HAS CATEGORICALLY REFUSED TO AGREE TO PAYMENT OF  
INTEREST. EGYPTIAN/DEL POINTED OUT GOE WAS MAKING CONCESSIONS TO  
USG BY PAYING 100 PERCENT COMPENSATION IN THREE YEARS INSTEAD OF  
10-15 YEARS AND DEPARTING FROM 40-65 PERCENT COMPENSATION IN AGREE-  
MENTS PREVIOUSLY CONCLUDED BY EGYPT WITH OTHER COUNTRIES.

9. DEWIDAR REQUESTED MEETING TOMORROW (WEDNESDAY) TO DISCUSS TEXTS  
OF DRAFT AGREEMENT ON LUMP-SUM SETTLEMENT OF CLAIMS AND SEPARATE

EXCHANGES OF LETTERS. IN ORDER TO MAINTAIN MOMENTUM OF NEGOTIATIONS US/DEL WILL AT NEXT MEETING HAND TO EGYPT/DEL REQUISITE DOCUMENTS. HUANG WILL PREPARE NECESSARY ADDITIONAL EXCHANGES OF LETTERS DISCUSSED ABOVE AND SUBMIT THEM LATER TO DEPARTMENT. EGYPT/DEL HAS INDICATED ITS NEED OF PROVIDING MINISTER SHAFEI WITH COMPLETE SET OF DRAFT DOCUMENTS BEFORE MINISTER'S DEPARTURE ON SATURDAY (OCTOBER 24, 1975) WITH PRESIDENT SADAT ON VISIT TO THE UNITED STATES.

10. COMMENT: EMBASSY RECOMMENDS MOST URGENT CONSIDERATION AND APPROVAL OF FOREGOING INTERIM AGREEMENT AND PROCEDURES AS OUTLINED. ACCORDING TO THE BEST JUDGMENT OF HUANG, THE AMOUNT OF \$10 MILLION ALONE WILL PAY VIRTUALLY 100 PERCENT OF ALL VALID CLAIMS OF US NATIONALS, IF NOT MORE (INCLUDING HABACHY CLAIM IF NECESSARY). ANY EXTRA AMOUNT WOULD BE ADDITIONAL BONUS. CONCERNING REMAINING CLAIMS STILL TO BE CONSIDERED (HABACHY, SALLOUM AND MISCELLANEOUS) US/DEL EXPECTS TO NEGOTIATE FURTHER 1-1/2 TO 2 MILLIONS. THIS WILL BE DEEMED IN LIEU OF PAYMENT OF INTEREST. EVEN AT ROCK BOTTOM FIGURE OF \$10 MILLION, THIS AMOUNT WILL MEET STANDARD STATED IN BACKGROUND PAPER PREPARED AND APPROVED FOR SADAT VISIT.

11. EMBASSY IS OF THE VIEW THAT PROPOSED INTERIM AGREEMENT AND PROCEDURES OUTLINED ABOVE BE FIRMLY AND IMMEDIATELY NAILED DOWN BEFORE THEY BECOME UNSTUCK SINCE TODAY'S PROPOSAL IS CLEARLY RELATED TO SADAT VISIT AND GOE DESIRE TO PUBLICIZE PROGRESS ON CLAIMS NEGOTIATIONS. AMOUNT OF \$10 MILLION ALONE REPRESENTS ACHIEVEMENT OF FULL OBJECTIVE OF NEGOTIATIONS AS ANTICIPATED. BALANCE OF PROCEEDINGS WOULD BE MUCH EASIER TO HANDLE AND MORE RELAXED, AND ANY ADDITIONAL BENEFITS GAINED CAN BE REGARDED AS EXTRA BONUS. EMBASSY WOULD APPRECIATE DEPARTMENT'S VIEWS, REACTIONS AND AUTHORIZATIONS BY TELEGRAM NIACT IMMEDIATE, TO BE RECEIVED, IF POSSIBLE, BY EMBASSY BEFORE TOMORROW'S MEETING.

MAESTRONE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 CAIRO 10592 221040Z

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETING AGENDA, ECONOMIC ASSISTANCE, DEBT REPAYMENTS, GOVERNMENT DEBTS, COMMITTEE MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 21 OCT 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** johnsorg  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975CAIRO10592  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750366-0659  
**From:** CAIRO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751034/aaaabdzf.tel  
**Line Count:** 154  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** LIMDIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** LIMDIS  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** johnsorg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 AUG 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01 AUG 2003 by ShawDG>; APPROVED <24 DEC 2003 by johnsorg>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US CLAIMS AGAINST EGYPT (EIGHTEENTH MEETING OF JOINT COMMITTEE)  
**TAGS:** EFIN, EG, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006